

FILED

FEB 26 2014

SECRETARY, BOARD OF
OIL, GAS & MINING

**BEFORE THE BOARD OF OIL, GAS & MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

NOTICE OF AGENCY ACTION FOR AN ORDER REQUIRING MARION ENERGY TO PLUG AND RECLAIM WELLS; OR FORFEIT SURETY BOND AND AUTHORIZE THE DIVISION TO PLUG AND RECLAIM WELLS LOCATED IN TOWNSHIPS 13 AND 14 SOUTH, RANGE 7 EAST, CARBON COUNTY, UTAH; AND AN ORDER REQUIRING MARION ENERGY TO IMMEDIATELY COMPLY WITH THE NOTICE OF VIOLATION FOR THE WELLS LOCATED IN TOWNSHIPS 12, 13, AND 14 SOUTH, RANGES 7 AND 10 EAST, CARBON COUNTY, UTAH.

**Marion's February 26, 2014 Status Update
for the Utah Fuel #8 Well**

Endsley Email Reports

Docket No. 2011-018

Cause No. 250-02

For purposes of Marion's status update to the Board of Oil, Gas and Mining at the Board's February 26, 2014 hearing regarding the Utah Fuel #8 well, attached are copies of emails sent to the Division by Doug Endsley on February 20, 2014 and February 24, 2014. Mr. Endsley, who is Marion's V.P. for operations and Field Manager for the Clear Creek Field, has appeared before the Board on several occasions to provide updates and provide testimony on the plugging order that is the subject of this matter. He is unable to attend today's hearing due to a medical procedure.

Dated this 25th day of February, 2014.

By:


Michael J. Malmquist
Attorney for Marion Energy Inc.

Attachments

From: Doug Endsley <dendsley@marionenergy.com>
To: "johnrogers@utah.gov" <johnrogers@utah.gov>, "clintondworshak@utah.gov" <clintondworshak@utah.gov>
Sent: Thursday, February 20, 2014 8 43 PM
Subject: Utah Fuels #8

John and Clinton,

Here's a chronology of what has been done up to this point on the Utah Fuels #8:

We moved Professional Well Service in 1/22/2014. The plan was to wash over a stub of 2 7/8" tubing that a previous operator had cemented across the Ferron section as a production liner, remove the tubing and run a 5 1/2" liner in the hole to allow us to pump the well effectively. Once the rig was in place and rigged up, we tried to establish circulation with water to wash over the tubing. We were unsuccessful in establishing circulation with water so we had to hire a small air package from Farmington, NM. The process is to pump air down the well under pressure. The velocity of the air stream removes cuttings from the wellbore, similar to drilling a well, only in this case it removes the cement from around the tubing while rotating with a mill bit. We were able to drill down approximately 160'. The last 72' that we milled was fairly slow. During this process, we discovered that our Ridge Runner 13-17 well had developed a problem with the new submersible pump that we put in the fall of last year and the ASD 6-17 had to have rods repaired in order to place the well on production. Both of these issues require rig work. At that time there was not another rig available to cover the additional work. Consequently, we rigged down from the Utah Fuels #8, fixed the ASD 6-17 and we are moving the rig onto the Ridge Runner 13-17 tomorrow. I have located a second rig in the area. Our plan is to bring in the second rig and continue with our workover of the Utah Fuels #8. I will know exactly when sometime tomorrow as I am waiting for confirmation that the rig has a full crew available. Let me know if you need anything else.

Doug Endsley

From: Doug Endsley [mailto:dendsley@marionenergy.com]
Sent: Monday, February 24, 2014 1:18 PM
To: johnrogers@utah.gov; clintondworshak@utah.gov
Cc: dustindoucet@utah.gov; Michael Malmquist
Subject: Utah Fuels #8 follow up

Gentlemen,

I wanted to follow up with an update to the status of the Utah Fuels #8. As I indicated in my previous email, we needed to bring a second rig in to the Clear Creek area to rod the Utah Fuels #10 up. That rig is on location and should have rods run and be rigging down by Wednesday of this week. I will move that rig to the Utah Fuels #8 well at that time. The work we have left to do on the #8 is as follows:

1. Finish cleaning out over the 2 7/8" tubing stub and remove from the wellbore.
2. Clean out and prep the open hole section to run a 5 1/2" liner which will serve as the production string for the well.
3. Perforate and breakdown
4. Run 2 7/8" production tubing, rods and a downhole pump.
5. Establish pump action and place well on production.

Once the well is on production, there will be an unavoidable period of time necessary to lower the fluid level in the well. This is normal for the Ferron formation in Clear Creek. The existing pressure gradient in this area as well as most Rocky Mountain basins is lower than a standard pressure gradient. Because of this, it doesn't take much fluid in the hole to keep gas in formation from being liberated to the wellbore. Consequently, having the lowest fluid level possible is a must. The time it takes to lower the fluid level is an unknown as water production rates are variable in the Clear Creek field. Once the well is on production, the rate at which the well is pumped will be changed to expedite gas production. If there is a need to further explain the procedure or our pump plans, I would be happy to give Dustin a call and go over it with him. I have a surgical procedure in Houston this Wednesday the 26th but I will be available before or after that date.

Regards,

Doug Endsley